

Message Text

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PAGE 01 BUENOS 04424 141724Z
ACTION ARA-14

INFO OCT-01 ISO-00 EB-07 COME-00 STR-04 L-03 TRSE-00
IGA-02 ABF-01 OMB-01 SP-02 CIAE-00 INR-07 NSAE-00
/042 W

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R 141446Z JUN 77
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 0950

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E.O. 11652: N/A
TAGS: EGEN, EFIN, EINV, AR
SUBJECT: NEW GOA INSURANCE REGULATIONS

REF: STATE 128663

1. EMBOFF CALLED ON SECRETARY OF FINANCE JUAN ALEMANN, JUNE 13, AND MADE DEMARCHE ALONG LINES REFTEL. SECRETARY ALEMANN SAID HE WAS PERSONALLY SYMPATHETIC TO THE U.S. POSITION AND IF HE HAD HIS OWN WAY WOULD ALLOW COMPLETELY FREE COMPETITION IN THE INSURANCE FIELD. HOWEVER, THE POLITICAL REALITIES ARE SUCH THAT A CHANGE IN INSURANCE POLICY DATING FROM 1946 WOULD ENCOUNTER STRONG NATIONALIST OPPOSITION. ALEMANN SAID THAT THE BILL IS NOW BEING STUDIED IN THE PRESIDENCY AND WOULD THEN HAVE TO BE REVIEWED BY THE LEGISLATIVE ADVISORY COUNCIL (CAL). HE ADVISED US TO MAKE A SIMILAR PRESENTATION TO THE CAL WHEN

THE BILL COMES TO IT FOR REVIEW.

2. WITH REFERENCE TO THE POSSIBLE COUNTERVAILING ACTION BY THE U.S. UNDER SECTION 301 OF THE 1974 TRADE ACT, SECRETARY ALEMANN SAID HE FOUND IT HARD TO BELIEVE THAT THE U.S. COULD RETALIATE NOW AGAINST LEGAL PROVISIONS WHICH HAD BEEN IN EFFECT SINCE 1946. HE ADMITTED THAT THE LAW HAD NOT
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PAGE 02 BUENOS 04424 141724Z

BEEN ACTIVELY ENFORCED BUT DID NOT BELIEVE THIS STRENGTHENED OUR ARGUMENT. HE MADE SPECIFIC REFERENCE TO MERIDIONAL, WHICH HE SEUD IS CLEARLY A U.S. COMPANY BLATANTLY DISGUISED AND OPERATING AS A NATIONAL COMPANY. HE ACKNOWLEDGED THAT MERIDIONAL WOULD SUFFER SEVERE FINANCIAL LOSS UNDER THE NEW REGULATIONS.

3. WITH RESPECT TO RELRSURANCE, SECRETARY ALEMANN SAID THAT FOREIGN INSURANCE COMPANIES WERE BEING PUT ON AN EQUAL BASIS WITH NATIONAL COMPANIES. THE NEW REGULATIONS ELIMINATED A PRIVILEGE ENJOYED BY FOREIGN COMPANIES TO REINSURE PART OF THEIR CONTRACTS ABROAD - A PRIVILEGE NOT ENJOYED BY NATIONAL COMPANIES. INDER, THE STATE-OWNED REINSURANCE MONOPOLY, WILL BE ELIMINATED AND FOREIGN COMPANIES WILL BE NOW PERMITTED TO HAVE UP TO 30 PERCENT OF THE REINSURANCE BUSINESS THROUGH PARTICIPATION IN NATIONAL PRIVATE COMPANIES.

4. EMBASSY WILL FOLLOW DEVELOPMENTS ON NEW INSURANCE LEGISLATION CLOSELY AND ATTEMPT TO MAKE ANOTHER DEMARCHE ALONG LINES REFTEL WHEN LEGISLATION COMES UP FOR REVIEW BY THE CAL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Sent Date: 14-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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TAGS: EGEN, EFIN, EINV, PGOV, AR, US
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